

SUBCOMMITTEE NO. 4

Agenda

Richard Polanco, Chair
Dick Ackerman
Joseph Dunn



PART II

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Room 4203

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0552 Office of the Inspector General

Finance Letter

1. General Fund Reduction. This Finance Letter proposes a \$1 million General Fund reduction for the OIG. This amount is in addition to the previously approved reduction of \$366,000 related to the closure of the San Diego field office, travel reductions, and elimination of 2.5 clerical positions.

This request proposes a reduction of 10 positions. The OIG proposes to achieve the savings by reducing the number of special audits and investigations, imposing a higher threshold for initiating an investigation, and reviewing category II investigations on a sample basis only.

Does the Subcommittee wish to adopt this Finance Letter?

5430 Board of Corrections

Finance Letters

1. Support Funding Related to Juvenile Justice Programs. This Finance Letter proposes to eliminate \$275,000 from the BOC budget for administration of Juvenile Justice Crime Prevention Act funding. The May Revise proposes to delete the program.

Does the Subcommittee wish to approve this Finance Letter?

2. LA CLEAR. The budget proposes \$3 million for this crime prevention program. Previously, the Subcommittee held this issue open. This Finance Letter proposes to reduce the funding from the General Fund for this program by \$2 million and proposes to reappropriate \$2 million in unspent prior years funds from the Juvenile Challenge Grant Program. This proposal would continue total CLEAR funding at \$3 million in the budget year.

Does the Subcommittee wish to approve this Finance Letter?

3. Challenge Grant II Funding. This Finance Letter proposes a reversion of \$12.3 million for the Challenge Grant II program, to reflect elimination of fourth-year grant funding. This funding was previously provided to extend the program for one year in

order to get better data for the evaluation.

Does the Subcommittee wish to approve this Finance Letter?

4. Mentally Ill Offender Crime Reduction Grant (MIOCR) Program. This Finance letter proposes a reversion of \$17.3 million for the MIOCR program to reflect elimination of the third-year grant funding.

Does the Subcommittee wish to approve this Finance Letter?

5. Federal Juvenile Justice Programs. At a hearing on May 16, Senate Subcommittee #2 approved a transfer of \$45 million in federal funds for juvenile justice programs from OCJP to the BOC. The Subcommittee #2 had approved this transfer at the request of Senator Burton due to the BOC's history in providing juvenile justice grant programs, and as a way of minimizing unnecessary duplication and overlap between similar programs in state agencies.

Does the Subcommittee wish to take a conforming action to transfer these juvenile justice programs to the BOC?

6. May Revision: Deferral of Payments on State Mandates. This Finance Letter proposes reimbursing local government \$1,000 for specified mandates and paying the full cost in future fiscal years with statutorily required 3 percent compounded interest. Local governments will still be required to perform the mandate, but their payment will be deferred. Within the BOC, this proposal requests to defer payments for the Domestic Violence Treatment Programs (Chapter 183, Statutes of 1992 and Chapter 221, Statutes of 1993), representing a deferral of \$1.8 million.

Does the Subcommittee wish to approve this Finance Letter?

5440 Board of Prison Terms

Open Issue

1. Foreign Prisoner Transfer Program. The United States has signed treaties with a number of foreign countries, allowing for the transfer of foreign born prisoners to their home countries. All of the treaties require the consent of the prisoner, the transferring country, and the receiving country. The CDC estimates that the number of foreign born inmates currently in CDC from countries with a treaty is 15,302. Of this amount, CDC indicates that 14,778 are from Mexico.

The Penal Code charges the BPT with administering the state's foreign prisoner transfer program. Section 2912 requires the BPT to actively encourage each eligible undocumented felon to apply for return to his or her country of origin, and requires quarterly reports to the Chair of the Joint Legislative Budget Committee.

The CDC indicates that it notifies inmates of their right to request transfer initially at the reception centers, and annually thereafter. The BPT has indicated that it has processed 344 applications from prisoners wishing to transfer since December 1995. There are 219 backlogged active cases that are currently being processed.

The Assembly approved an augmentation of \$363,000 and four positions for the BPT to screen 5,000 inmates annually. Based upon prior experience the BPT estimates 80 prisoners would be eligible for transfer a year. This amount would provide an annual savings of \$1.2 million. The actual number of transfers may be larger in the budget year due the number of outstanding applications already pending before the Board, those currently before the US-DOJ and the likelihood that there may be a review of previously denied applications.

In order to capture potential savings, the Assembly action assumes transfer of up to 250 prisoners in the budget year for a population savings of \$3.7 within the CDC budget. At the hearing on May 6, the Subcommittee held this issue open.

Does the Subcommittee wish to take the Assembly action on this issue?

2. Lifer Hearings and Inmate Parolee Appeals. The Board of Prison Terms is charged with holding parole suitability hearings for inmates that have a term-to-life sentence. There are approximately 24,000 inmates with such a sentence.

Last March, the OIG issued a report that made note of the growing backlog of life-term cases. At hearings last year, BPT reported that the backlog was approximately 2,000 cases. Because of the backlog, most of the hearings were delinquent by more than six months.

Last year, the Legislature approved SB 778 as a temporary measure to assist the BPT in reducing the growing backlog of cases. The legislation allows BPT to hold two-person panel hearings and requires the panels to work on Fridays.

The OIG issued a recent follow-up report on its 2000 audit of BPT, indicating that except for the implementation of SB 778, BPT's efforts to improve efficiency and increase hearing capacity has been minimal. Due to the fact that the two-person boards are a temporary measure, the OIG report noted concerns that once they expire, the backlog may begin to grow again. The OIG notes that the board has not implemented measures from its own plan submitted in response to the OIG's first audit, including;

- Increasing the number of scheduled hearings per week from 22 to 26 (BPT has reduced scheduled hearings from 22 cases per week to 18 cases per week);
- Holding its monthly Board meeting on Monday rather than Tuesday to give commissioners an extra day to schedule hearings;
- Development of a supplemental hearing list.

The OIG also noted in this most recent report that the BPT's estimate for the elimination of the hearing backlog by May 2002 is unrealistic.

In its follow-up audit on the BPT, the OIG reports that the BPT's processes are not adequate to handle appeals in a timely manner. As a result there is a backlog of over 2,200 appeals from inmates and parolees.

The BPT has no time limits to respond to appeals, although inmates and parolees must submit an appeal within 90 days of receiving written confirmation of a board decision. The BPT

indicates that it has set an internal goal for a response to an appeal in 120 days. Subcommittee staff has no information as to how often the BPT meets its internal goals.

The OIG reports that the BPT's inability to process appeals in a timely manner has resulted in three court decisions mandating that the board meet fixed timelines for specific appeals. The BPT is required to meet 120 day timelines for appeals that originate from RJ Donovan Correctional Facility, and appeals filed by a specific inmate in San Quentin. Also, Armstrong v Davis requires the BPT to complete any appeal related to ADA issues within 30 days. The OIG notes that the BPT was recently fined by the courts for failing to meet the court established timeline for a case filed from Donovan.

In order to clear the excessive backlog of appeals, the OIG report recommends that BPT take the following actions:

- Consider transferring responsibility of its legal section from deputy commissioners to eliminate a duplication of efforts and a potential conflict.
- Develop an operations manual and written guidelines on processing appeals.
- Cross-train staff from other units on processing appeals as a backup in the event of staff absence or shortage.

Finance Letter

3. Hearing Workload Adjustment Finance Letter. Due to an decrease the projected number of parolees, the workload related to parole revocation, mentally disordered offender hearing workload, as well as a decrease in the projected level of inmate parole consideration hearings will be reduced. The impact of this Finance Letter would be a reduction of 1.4 positions and \$233,000.

Does the Subcommittee wish to approve this Finance letter?

5460 California Youth Authority

Open Issues & Finance Letters

1. Consolidation Plan. The ward population at CYA has decreased significantly in recent years, from over 10,000 wards in 1996 to an estimated population of 5,445 at the end of the budget year. The average annual cost for a CYA institution per

ward is nearly \$50,000. While the CYA has closed down some living units within its existing facilities, it may be possible to get additional savings from overhead expenditures by closing down CYA institutions.

At the request of the Subcommittee, the CYA has provided some information on the cost savings from closing down an institution. While the savings in the budget year may be modest, the staff notes that there may be significant ongoing cost savings from closing down institutions. In the example provided by the CYA, the savings estimated for the budget year was \$493,000 and the ongoing savings was \$6.8 million. In addition, CYA is facing some of the same structural issues that CDC faces regarding vacancies and overtime. The closing of an institution may provide additional cost avoidance related to overtime.

Does the Subcommittee wish to consider a CYA consolidation plan?

2. Program Compliance Unit. The budget requests 5 positions and \$725,000 for a program compliance unit, charged with providing management oversight and monitoring of staff compliance with policies and procedures. The overall goal of the unit is risk management and quality assurance.

At the hearing on April 3, and on May 6 the Subcommittee left this item open.

Does the Subcommittee wish to approve this request?

3. Prop 98 Funding. As a consequence of CYA's declining ward population, the May Revision proposes to reduce the education funding by \$2.602 million (Prop 98). Unlike other school districts, the CYA is ineligible for most categorical sources of funding and must rely on the funding it receives based on a ratio formula to cover almost all of the expenses for operating its accredited schools. Based upon the May Revision population BCP, the current student-teacher staffing ratios at CYA are:

Non-special education teachers -- 15:1

Special education resource specialists -- 28:1

Special education teaching assistants -- 35:1

Emotionally Learning Handicapped Teacher -- 12:1

Emotionally Learning Handicapped Teacher Assistants -- 35:1

Language, Speech and Hearing Specialist -- 55:1

These staffing ratios have not changed in at least the last 20 years. For purposes of assumptions for special education needs, the proposal assumes 23 percent of the wards at CYA have identifiable special education needs. This assumption has also not changed recently.

Serious questions have been raised about the quality of education services provided in CYA. For example, the Inspector General in a January 2001 audit of the Nelles facility found a shortage of teachers and qualified substitutes who are willing to work inside the facility ... The teacher shortage is especially severe in special education. In addition, the audit found that the special education services were severely compromised, with only between 38 and 77% of wards receiving adequate special education services. Similar findings resulted from the Inspector General's October 2000 audit of the Stark facility. Moreover, the education staffing ratio has not been adjusted since the 1980s, though CYA's ward population has significantly changed.

The Committee has also just become aware of a Voluntary Resolution Plan the CYA entered into with the U. S. Department of Education, Office of Civil Rights, concerning a 1998 determination that CYA lacked compliance with the provision of required services to the estimated 26% of the wards who are English Learner students. In a letter dated February 1, 2002, the U. S. Department of Education advised the CYA that its October 16, 2001 review of the status of the Plan to achieve compliance found continued deficiencies which they considered to be of a major and serious concern which if not corrected will lead to formal enforcement proceedings.

Does the Subcommittee wish to maintain funding from Prop 98 at the current year level for the purpose of enhancing special education services and increasing the proposed education staffing ratios?

4. Mental Health Reorganization. This Finance Letter proposes an increase of \$1 million and 11 positions to begin the reorganization of the CYA's current mental health delivery system. The CYA indicates that their system would change from a custody-based counseling model to a clinical-based similar to the approach recommended by the recently released Stanford University report.

Specifically, the request involves enhanced staffing at three institutions consistent with caseload recommendations in the Stanford report. The proposal includes one staff psychiatrist, five masters-level caseload specialists, and five parole agent positions. The changes are proposed for Ventura YCF, Preston YCF, and Chaderjian YCF.

The LAO has raised some concerns regarding this proposal and recommends taking an action to send this issue to conference to allow for more time to analyze the proposal.

Does the Subcommittee wish to take an action to send this issue to conference?

4. Conditions of Confinement Class Action Lawsuit. This Finance Letter proposes an increase of \$3.5 million from the General Fund for additional staff and resources to aid the department in the defense of a class action lawsuit filed on behalf of wards by the Prison Law Office and others. The lawsuit, filed in federal court earlier this year, alleges inhumane, discriminatory and punitive conditions in the department's institutions. The proposal includes 23 new positions, the establishment of a "Litigation Management Office," and the establishment of a "Discovery Unit" to manage the discovery activities related to the lawsuit. The proposal includes three attorneys, several staff managers, secretaries and office technicians, and seven "Senior Litigation Coordinators" to be located throughout the state. The proposal also includes a "Subject Matter and Constitutional Review" function "to participate in the formulation of policies, procedures, programs, and regulations," and also includes \$1.3 million for expert consulting services.

The allegations raised in this lawsuit are not inconsistent with issues identified by the Legislature in its ongoing oversight of programs and conditions in the department, and in the Technical Assistance Plan prepared in 2000 by the Board of Corrections. It is not clear the extent to which there may be overlap or duplication between the department's implementation of the TAP and some of the items contained in this proposal. Similarly, it is unclear how the work of expert consultant contracts proposed in this Finance Letter would differ from the work products already completed both by the TAP and other experts retained by the department in the current year. In addition, it is uncertain how some of the functions of this

proposal would interrelate with the department's proposed Program Compliance Unit. The Finance Letter also does not discuss efforts by the department to settle this case, which would mitigate the need to fund litigation costs.

The LAO also raises several issues related to this proposal. First, the LAO notes that it is not clear what role the Attorney General's Office is going to play in the lawsuit. The Attorney General's office may have existing resources within their Correctional Law section which could offset some of the resources requested in this proposal. Second, the proposal does not provide workload estimates for the 23 positions. For these reasons, the LAO recommends sending this issue to conference in order to allow additional time for review of these concerns.

Does the Subcommittee wish to take an action which would send this issue to conference?

5. Postal Cost Increase. This Finance Letter proposes an increase of \$32,000 to cover the increased costs of postage related to an increase in the postal rates.

Does the Subcommittee wish to approve this Finance Letter?

6. Special Program Resources. This Finance Letter proposes a reduction of \$619,000 and a redirection of \$1.3 million from the General Fund to convert an Intensive Treatment Program (ITP) at Chaderjian YCF and a General Population Unit at El Paso de Robles YCF to Specialized Counseling Programs (SCP).

Does the Subcommittee wish to approve this Finance Letter?

7. Parole Services Reduction. This Finance Letter proposes a reduction of \$5 million in the Parole Services and Community Corrections Program. The reduction includes the elimination of the two residential, in-lieu of incarceration, intensive drug treatment programs for parolees who have committed no new criminal act (Fouts Springs in Colusa County (32 beds) and El Centro in Imperial County (50 beds), transitional residential programs, furlough program for INS wards, electronic monitoring, job development and employment contracts, and the Volunteers in Parole mentoring program with the State Bar.

Does the Subcommittee wish to approve this Finance Letter?

8. Operational Impacts of Bargaining Unit 6 Agreement.

This Finance Letter proposes an increase of \$628,000 for increased costs related to the recent Memorandum of Understanding with Bargaining Unit 6. The funding is intended to offset the following identified additional costs:

- Bereavement Leave -- \$73,000
- Continuous Hours of Work/Dead Time -- \$255,000
- Survivor Benefits -- \$300,000.

Does the Subcommittee wish to approve this Finance Letter?

9. Lease Revenue Payments. This Finance Letter proposes an increase of \$2,000 from the General Fund to adjust lease revenue payments to reflect an increase in property insurance costs.

Does the Subcommittee wish to approve this Finance Letter?

10. Sliding Scale Fees. Under current law, counties are required to share the cost of housing juvenile offenders in the YA. For many years, counties paid a flat fee of \$25 per month per offender. Chapter 6, Statutes of 1996 (SB 681, Hurtt) made two major changes in the cost sharing arrangement. First, it increased the flat fee that counties pay from \$25 per month to \$150 per month to account for inflation. Second, it established a "sliding scale" fee structure which adjusts the amount that counties pay monthly based upon the classification of the juvenile offender.

This Finance Letter proposes a reduction of \$7.6 million from the General Fund and a corresponding increase in reimbursements, by incorporating an inflation adjustment to the sliding scale fees charged to counties for wards committed to the care of the CYA.

This proposal is similar to a recommendation made by the LAO regarding this issue.

Does the Subcommittee wish to approve this Finance Letter?

11. Ward Parole Population. This Finance Letter proposes a net reduction of \$4.7 million and 70 positions for the budget year to reflect projected changes in ward and parole populations. This overall reduction is composed of an increase

of General Fund \$5.4 million and a decrease of \$7,558,000 in Reimbursements and a reduction of \$2,602,000 from Proposition 98 funds.

For the current year the estimate of the year-end population is 5,930, a reduction of 430 from the projection included in the January 10 budget proposal. In addition, the Youth Authority projects an year-end parole population of 4,150, a reduction of 80 from the projection included in the January 10 budget proposal

The revised institutional population for the budget year is projected to be 5,445 which is 655 fewer than anticipated in the Governor's Budget. The Youth Authority projects a year-end parole population of 4,080, a decrease of 75 from the level assumed in the Governor's Budget.

Does the Subcommittee wish to approve this Finance Letter?

Capitol Outlay

1. Specialized Counseling Program at SYCRCC. The budget includes \$3.2 million in lease-payment bonds for construction to house new specialized counseling program beds at the SYCRCC. Both of these projects would provide treatment, counseling, and staffing space for mental health services to wards.

At previous hearings, the LAO has indicated that the Legislature does not have the basic information it needs to assess the requests regarding these mental health facilities. Consequently, the LAO withheld recommendation on this project, pending receipt and review of additional information.

Does the Subcommittee wish approve funding for this project?

2. Ventura Special Education Assessment Center. This Finance Letter proposes an increase of \$368,000 from lease revenue funds for the construction of the Special Education Assessment Center at Ventura YCF. The CYA reports that unforeseen excavation and foundation work have added additional work to the project, resulting in the need to further increase the authorized construction funds.

Does the Subcommittee wish to approve this Finance Letter?

3. Taft Adjustment Center. This Finance Letter proposes an increase of \$1.2 million in lease revenue funds for the aft Adjustment Center at Fred C. Nelles YCF.

Does the Subcommittee wish to approve this Finance Letter?

4. Heman Stark CTC. This Finance Letter proposes to increase funding by \$300,000 from lease revenue funds for a Correctional Treatment Center at Heman G. Stark Youth Correctional Facility—Construction. Unforeseen conditions have added additional work to the project resulting in the need to further increase the authorized construction funds to ensure that adequate funds are available to complete the project. Completion of this project is necessary to meet licensable standards.

Does the Subcommittee wish to approve this Finance Letter?

5. Specialized Counseling Beds. This Finance Letter proposes to increase \$227,000 from lease revenue funds for the Southern Youth Correctional Reception Center and Clinic, Specialized Counseling Program Beds—Working drawings. This allows the reversion of General Fund appropriated for this project by Item 5460-301-0001, Budget Act of 2000 (Chapter 52, Statutes of 2000) as reappropriated in Item 5460-301-0001, Budget Act of 2001 (Chapter 106, Statutes of 2001).

This proposal would add Item 5460-496 to revert \$227,000 in working drawing funds from Item 5460-301-0001, Budget Act of 2000 (Chapter 52, Statutes of 2000) as reappropriated in Item 5460-301-0001, Budget Act of 2001 (Chapter 106, Statutes of 2001) for Specialized Counseling Program Beds at the Southern Youth Correctional Reception Center and Clinic.

Does the Subcommittee wish to approve this Finance Letter?

5450 Youthful Offender Parole Board

Open Issues

YOPB Support. The state's Youthful Offender Parole Board (YOPB) currently is responsible for determining length of stay and conditions of parole for wards committed to the California Youth Authority (CYA). Legislation is now being considered to eliminate the YOPB and transfer those responsibilities to the committing court. This transfer of responsibility was among the recommendations of the special task force convened in 2000 by Board of Corrections to review the California Youth Authority. This proposal is contained in SB 1793 (Burton), and was recently approved by the Senate Public Safety Committee. This measure would take effect January 1, 2003.

If the Subcommittee wishes to be consistent with this proposal, the funding level for YOPB should be reduced to reflect half year costs. This would result in a savings of \$1,645,000.

Does the Subcommittee wish to provide half-year funding for the YOPB?

5240 Department of Corrections

Open Issues & Finance Letters

1. Type I Parole Violators. Each year, over 70,000 parolees are returned to prison for a violation of parole. The Department of Corrections categorizes the types of violations as follows: Type I are drug possession or use, plus miscellaneous low-level violations such as alcohol use; Type II include sex offenses, burglary, battery, theft, drug sales, firearms/weapons, minor driving violations. Type III include serious criminal offenses.

Type I offenses carry a term of up to 4 months reincarceration. Currently, that 4 months would be spent by an inmate at a reception center, waiting to be re-classified and re-admitted to a CDC prison. The re-admission process takes 2-3 months. Thus, by the time most of these inmates are re-processed, they are released back to parole. Some of these inmates come back to prison 2-3 times in one year. The CDC is budgeted at \$14,797 per year to incarcerate an inmate in a reception center.

There are approximately 4100 Type I parolees who do not have a violent history, who are not eligible for placement in a Prop 36 drug treatment facility. If all of those parolees went back to prison for 4 months, the cost to house them would be \$20 million. If they were instead diverted to a high-supervision parole caseload, the savings to the state would be \$18 million. High-supervision parole would include electronic monitoring, cognitive skill training, residential housing, urinalysis testing, and casework services.

Does the subcommittee want to place all Type I parole violators with a non-violent history on a high-supervision parole caseload, at a savings to the state of \$18 million?

2. Felony Drug Courts Proposal. During a 21 month evaluation period, the existing Drug Court Partnership Program (DCPP), demonstrated substantial avoided costs by providing treatment to offenders instead of incarceration. Other criminal justice and health related cost savings were not quantified in

this study.

A conservative analysis of DADP's data for 26 counties indicates that drug courts avoided over 122,000 prison days. This resulted in an state savings of almost \$5 million. On an annual basis, the program invested \$5.2 million and saved \$2.8 million.

However, DADP's data also found that drug courts serving mostly felons demonstrated substantially higher state prison savings. Specifically, more than 90% of the participants in the Drug Courts in Fresno, Orange, and Riverside counties are felons. These three counties were allocated \$2.1 million and identified 62,926 prison days avoided, saving the state \$2.5 million. In fact, almost half of all prison day savings in the DADP study came from these three counties alone. On an annual basis, the state invested \$1.2 million in these drug courts and saved \$1.5 million. (The cost/benefit ratio for these three counties was 1.17).

Senate Subcommittee # 3 is proposing to approve funding for drug courts at \$8 million, with an emphasis on providing funds for felony drug courts in order to achieve the maximum savings.

Based on the evaluation, and this cost/benefit ratio, that action would provide savings in the CDC budget of \$6.1 million.

Does the Subcommittee wish to score the savings from this program in the CDC budget?

3. Foreign Prisoner Transfer. This issue is raised within the discussion of the BPT in this agenda. A conforming action for the CDC budget would need to be taken with respect to any action approved within the BPT budget on this item.

4. Closure of a Women's Facility. CDC is experiencing a decline in its female inmate population. Between June 30, 1999 and June 30, 2001, the female population dropped by 771 inmates, or about 7 percent. Based on the spring 2002 projections, the female inmate population is expected to drop by another 1,091 inmates, or 10 percent, between June 30, 2001 and the end of the budget year.

According to data provided by the CDC, the Northern California Women's Facility (NCWF) is one of CDC's most expensive institutions to run. In 2001-02, the average cost per inmate at state institutions was \$27,796 in 2001-02, while the average cost for an inmate at NCWF was \$38,593. NCWF has a budget of \$19.9 million, but incurred a deficit of nearly 4 million, or 20 percent.

CDC estimates savings of \$4.5 million in the budget year, and \$8.7 million ongoing from the closure of NCWF. The LAO notes that there may be additional savings related to costs avoidance for overtime at nearby institutions that could also result from the closure of NCWF. The CDC estimates that the overtime cost avoidance may be over \$1 million.

Does the Subcommittee wish to close a women's facility?

5. Folsom Community Correctional Facility. Since 1990, the Department of Corrections has contracted with the City of Folsom to operate the Folsom Community Correctional Facility (CCF). It houses 380 inmates who have less than 18 months to serve and no violent criminal history or mental health problems. CDC pays the city of Folsom \$110,000 per month to pay off the bonds to cover the costs of constructing the facility, and \$347,857 per month for operating expenses.

The Inspector General recently issued a report which found the City of Folsom in violation of several of the contract terms, including:

- operation of the facility presents "unacceptable risks to public safety"
- widespread fiscal mismanagement
- significant safety and security deficiencies
- not providing inmates with state mandated programming
- does not follow prescribed personnel procedures
- employees do not receive training required by state law

In light of these findings, the Inspector General recommended that the Department of Corrections terminate the contract with the City of Folsom.

YACA has recently sent a letter to the subcommittee which states that although the City is working on a plan of correction, "Progress to date, however, has not been adequate, in our view... the abuse of inmates and staff [is] continuing. In addition, some middle managers were allegedly using

computers at the facility to download pornography. Last Friday, the City suspended a lieutenant and a sergeant. Almost daily, it seems, we receive reports of problems at the facility."

Does the Subcommittee wish to terminate the contract with the City of Folsom for the Folsom CCF?

6. Personnel Disciplinary System. The Inspector General's Office recently completed an audit of the Department's Personnel Disciplinary System. Among other things, the audit found that:

- The needless complexity of the employee disciplinary process causes delays that impair the ability of the CDC to take appropriate action against employees found to have engaged in misconduct.
- The CDC has no clear guidelines for defining the prescribed one-year period for investigating alleged misconduct and imposing disciplinary action against peace officers.
- Employee relations officers are not provided with adequate training, and lack the necessary experience to handle employee disciplinary actions.
- The CDC legal staff only gets involved after the cases go to the State Personnel Board

What is the CDC's response to the OIG's findings?

7. May Revision: Deferral of Payments on State Mandates. This Finance Letter proposes reimbursing local government \$1,000 for specified mandates and paying the full cost in future fiscal years with statutorily required 3 percent compounded interest. Local governments will still be required to perform the mandate, but their payment will be deferred. Within the CDC, this proposal requests to defer payments for the Prisoner Parental Rights (Chapter 820, Statutes of 1991), representing a deferral of \$2 million.

Does the Subcommittee wish to approve this Finance Letter?

8. Inmate/Parolee Population Adjustments. This Finance Letter proposes a net increase of \$2 million and 70.6 positions to reflect revisions in the projected growth of inmate and parole populations. This increase is composed of an increase of \$2,022,000 General Fund, and an increase of \$19,000 from the Inmate Welfare Fund.

Adjusted for recent population trends, the June 30, 2003 population is projected to be 154,672, which is 1,049 inmates fewer than anticipated in the 2002-03 Governor's Budget, and represents a decrease of 2,174 to the revised June 30, 2002 estimated inmate population. The estimated impact of Proposition 36 has been reflected in this projection.

The projected parolee population for June 30, 2003, when adjusted for recent population trends, is 119,865. This amount is 3,054 more than was anticipated in the 2002-03 Governor's Budget and represents a decrease of 965 to the revised parolee population level estimated for June 30, 2002. The estimated impact of Proposition 36 has been reflected in this projection.

Staff notes that as part of the May Revise Population numbers, there is an increase of \$488, and 4 positions related to Delano II. To be consistent with previous actions, the Subcommittee may wish to adopt the May Revise population numbers without these positions.

Does the Subcommittee wish to adopt this Finance Letter with an adjustment for Delano II?

9. *Armstrong v. Davis*/BPT Permanent Injunction. This Finance Letter requests 1 million and 15.1 positions to effectively implement mandates of the permanent injunction issued in the *Armstrong v. Davis* lawsuit. The CDC notes that the additional resources are necessary to ensure that effective communication is provided and documented when CDC inmates and parolees with disabilities are involved in BPT hearings.

Last year, the Legislature approved a Finance Letter requesting 3 positions and \$195,000 on a two-year limited term basis related to this issue.

Does the Subcommittee wish to approve this Finance Letter?

10. Patton State Hospital Additional Security. The Governor's Budget proposed \$427,000 and 7 positions for additional security at Patton State Hospital related to a proposed increase in the population. The proposed population increase has not materialized, and it does not appear it will materialize in the budget year, so this Finance Letter withdraws that request for a savings of \$427,000.

Does the Subcommittee wish to approve this Finance Letter?

11. Reduce Civil Addict Program. This Finance Letter proposes a reduction of \$10 million by placing a cap of 954 inmates in the Civil Addict Program. Adoption of this issue requires trailer bill language. Staff recommends taking an action to send this issue to conference to allow more time to review the proposal.

Does the Subcommittee wish to take an action to send this issue to conference?

12. Increase Work Credits for Fire Camp Inmates. This Finance Letter proposes a reduction of \$16.7 million to reflect the effect of increasing the credit-earning rate of inmates in fire camps from one day of credit for each day of camp assignment to two days of credit for each day of camp assignment. This proposal requires trailer bill language.

Does the Subcommittee wish to approve this Finance Letter?

13. Eliminate Monthly Range Training. This Finance Letter proposes a reduction of \$3.6 million and 47.6 positions from elimination of the Monthly Range Training Program. This program was initially proposed in 2000-01. CDC reports that due to labor negotiation issues, this program was never implemented.

Does the Subcommittee wish to approve this Finance Letter?

14. Parole Local Assistance. This Finance Letter proposes an increase of \$9.2 million in one-time funding for a projected shortfall in local assistance funding associated with the costs of incarcerating parole violators in local jails.

Does the Subcommittee wish to approve this Finance Letter?

15. Parole Reduction. This Finance Letter proposes a reduction of \$9.2 million from Parole Services. In order to implement this reduction, the following proposals are proposed for elimination:

- The Ed Veit Community Correctional Center, a state operated facility which operates 40 transitional community-based residential beds (\$579,000).
- The 4-C's Community Correctional Center for 105 community based reentry program beds (\$2.4 million)

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- Elimination of the four regional US INS units. (\$3 million)
 - Elimination of the legal settlement component for Parole Division (\$1.3 million)
 - Termination of the 45 bed Substance Abuse Treatment Unit in Fresno (\$982,000)
 - Deletion of budget authority for 24 Community Prisoner Mother Program beds (\$388,000)
 - Cancellation of a mental health contract which provides for outpatient treatment for mentally ill parolees (\$580,000)

Does the Subcommittee wish to approve this Finance Letter?

16. Mental Health Services Delivery System. This Finance Letter proposes an increase of \$8.1 million and 110.0 positions to provide resources for additional mental health crisis beds, Psychiatric Services Unit beds, and increased nursing care provided to inmates in mental health crisis beds.

Does the Subcommittee wish to approve this Finance Letter?

17. Inmate Medical Services Program And Madrid Court Order. This Finance Letter proposes an increase of \$21.9 million and 149 positions to initiate the implementation of system-wide improvements in the provision of inmate health care services consistent with the requirements of the stipulated agreement in the Plata class action lawsuit, as well as a pilot Hepatitis C treatment program at Pelican Bay State Prison, as required by Madrid. Over six years, the plan would add approximately 1,300 health care positions at an estimated cost of \$100 million.

Based on their initial review, the LAO has raised some concerns with this proposal.

Does the Subcommittee wish to take an action to send this issue to conference?

18. Department of Mental Health Recruitment and Retention. This Finance Letter proposes an increase of \$1.6 is proposed to reimburse the Department of Mental Health for recruitment and retention bonuses for various classifications at Salinas Valley State Prison, and for recruitment and retention bonuses for CDC at Salinas Valley State Prison and neighboring Correctional Training Facility for similar classifications.

Does the Subcommittee wish to approve this Finance Letter?

19. CTC Licensure. This Finance Letter proposes an increase of \$1.2 million and 22.1 positions to provide the resources necessary to obtain licensure for five Correctional Treatment Centers in 2002-03 and two additional CTC's in 2003-04.

Does the Subcommittee wish to approve this Finance Letter?

20. Contract Medical. This Finance Letter proposes an increase of \$115.5 million to address increased costs for contracted medical services to provide medically necessary health care services to inmates. The current base funding for contract medical is \$126.8 million. This increase would raise the funding for contract medical to \$242.3 million. The CDC indicates that this increase is due primarily to increasing medical costs. The CDC has submitted a deficiency request for \$80.1 million in the current year related to contract medical expenditures.

Staff notes that this request represents a significant increase to the base funding for contract medical. The Subcommittee may wish to ask the CDC to identify how much of this funding is requested for contracts with registries and medical professionals, and how much is for contracts with hospitals for services.

What specific actions is CDC taking to control contract medical costs?

21. Salinas Valley Psychiatric Program. This Finance Letter proposes a decrease of \$1.5 million to reduce the funding necessary to reimburse the Department of Mental Health as a result of a four month delay in the activation of the Salinas Valley Psychiatric Unit.

Does the Subcommittee wish to approve this Finance Letter?

22. Delay Substance Abuse Beds at CRC. This Finance Letter proposes a reduction of \$2.5 million to reflect a one-year delay in the activation of 200 substance abuse treatment slots at CRC. The activation of these slots would be delayed from July 1, 2002 to July 1, 2003. In addition, CDC proposes to delay the aftercare treatment of 300 slots for five months in the budget year.

Does the Subcommittee wish to approve this Finance Letter?

23. Inmate Welfare Fund Adjustment. This Finance Letter proposes an increase of \$542,000 in expenditure authority for increased overhead and operational costs associated with the Inmate Welfare Fund.

Does the Subcommittee wish to approve this Finance Letter?

24. Postage Increase. This Finance Letter proposes an augmentation of \$528,000 due to a proposed postage rate increase.

Does the Subcommittee wish to approve this Finance Letter?

25. Structural Utilities Shortfall. This Finance Letter proposes an augmentation of \$17,979,000 to fund the increasing costs of utilities. The CDC has submitted a section letter for an \$18 million deficiency for a utilities shortfall in the current year.

Does the Subcommittee wish to approve this Finance Letter?

26. Structural Workers' Compensation Shortfall. This Finance Letter proposes an increase of \$42.1 million in one-time funding to reflect a shortfall in funding for Workers' Compensation costs estimated for the budget year. This amount is in addition to a \$22.4 million increase already approved by the Subcommittee for the budget year. The CDC has submitted a section letter for a \$42.7 million deficiency for workers' compensation in the current year.

Does the Subcommittee wish to approve this Finance Letter?

27. Program 21 Structural Overtime Shortfall. This Finance Letter proposes an increase of \$9.8 million on a two-year limited term basis for the cost of filling vacant posted Correctional Lieutenant, Correctional Sergeant, and Supervising Cook I positions with overtime.

In the current year, the CDC has submitted a deficiency request for \$29.6 million for this issue.

Does the Subcommittee wish to approve this Finance Letter?

28. Adjust Lease Payment Revenue Payments. This Finance Letter proposes to decreased \$23.5 million General Fund and increase of \$16.6 million in reimbursements. This reflects a reduction in base rental payments due to an updated debt service payment schedule and an increase from interest earnings and surplus construction funds to pay base rental payments for a lease revenue funded project.

Does the Subcommittee wish to approve this Finance Letter?

29. Fiscal Impact of Bargaining Unit 6 Contract. As a result of the implementation of the Memorandum of Understanding with Bargaining Unit 6, an augmentation of \$4.7 million is requested for operational costs related to implementing the agreement. This funding would apply to the following categories:

- Bereavement Leave -- \$894,000
- Court Appearances/Subpoenas -- \$120,000
- Release Time Bank -- \$261,000
- Continuous Hours of Work/Dead Time - \$182,000
- Survivor Benefits -- \$1.4 million
- 7k Compensation -- \$1.4 million
- Firefighter Hours of Work and Compensation -- \$73,000
- PA Safety Equipment and Procedures -- \$311,000
- MTA Training Program -- \$104,000

Does the Subcommittee wish to approve this Finance Letter?

30. Elderly Inmates. As part of its options for addressing the state's fiscal crisis, the LAO raised as a potential option the release to parole for certain non-serious, non-violent offenders age 60- and older.

At our prior hearing CDC estimated that 289 inmates would be affected for a potential savings up to \$3.8 million.

Does the Subcommittee wish to take the action to release these offenders and place them on electronic monitoring

Capital Outlay Finance Letters

1. Various Reappropriations. This Finance Letter proposes

reappropriation language for the following eleven projects:

1. CRC Norco, Potable Water System Improvements – Working drawings
2. Sierra Conservation Center, Effluent Disposal Pipeline – Working drawings
3. Avenal, Receiving and Release Expansion – Working drawings
4. California Institution for Men, TB/HIV Housing Engineering Controls – Construction
5. Delano II – Site acquisition and working drawings
6. Statewide, Habitat Conservation Plan.
7. Statewide, Ten Ad Seg Housing Units – Construction
8. Statewide, Electric Fence – Construction
9. California Correctional Institution, Replacement of Unit I Security Fence – Working drawings
10. California Medical Facility, Ambulatory Care Clinic – Working Drawings
11. California Men's Colony, D-Quad Mental Health Services Building – Working drawings.

To be consistent with prior actions, staff recommends adoption of these reappropriations, with the exception of number five, the reappropriation for the Delano II project.

2. San Quentin CTC. This Finance Letter proposes and increase of \$375,000 from the General Fund for the California State Prison, Correctional Treatment Center, Phase II—Preliminary Plans. Mitigation issues are still an issue due to toxics issues with the soil and groundwater. A Human Health Risk assessment has been completed and reviewed by the Regional Water Control Board and the Department of Toxic Substances Control. The two departments are requiring that the Department of Corrections do additional assessments, which has resulted in the need for additional funding.

Does the Subcommittee wish to approve this Finance Letter?